

HOUSE BILL NO. 236

INTRODUCED BY D. HIMMELBERGER

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOCATING ~~\$1 MILLION~~ \$500,000 EACH YEAR FROM THE
5 PROCEEDS OF LODGING FACILITY USE TAXES TO THE DEPARTMENT OF COMMERCE TO BE USED FOR
6 GRANTS TO LOCAL GOVERNMENTS FOR SPECIAL, NONRECURRING, TOURISM-RELATED EVENTS;
7 PROVIDING A STATUTORY APPROPRIATION FOR THE GRANTS; AMENDING SECTIONS 15-65-121 AND
8 17-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE."

9

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11

12 **Section 1.** Section 15-65-121, MCA, is amended to read:

13 **"15-65-121. (Temporary) Distribution of tax proceeds.** (1) The proceeds of the tax imposed by
14 15-65-111 must, in accordance with the provisions of 15-1-501, be deposited in an account in the state
15 special revenue fund to the credit of the department. The department may spend from that account in
16 accordance with an expenditure appropriation by the legislature based on an estimate of the costs of
17 collecting and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in
18 accordance with the provisions of 15-1-501 and as provided in subsections (1)(a) through (1)(e) of this
19 section, the department shall determine the expenditures by state agencies for in-state lodging for each
20 reporting period and deduct 4% of that amount from the tax proceeds received each reporting period. The
21 amount deducted must be deposited in the fund or funds from which in-state lodging expenditures were
22 paid by state agencies. The amount of \$400,000 each year must be deposited in the Montana heritage
23 preservation and development account provided for in 22-3-1004. On July 1, 1997, the amount of
24 \$45,000 is transferred to the department of commerce for purposes of a grant to the Fort Peck
25 interpretive center. ~~The amount of \$1 million each year is deposited in a state special revenue account to~~
26 ~~the credit of the department of commerce to be used for special, nonrecurring, tourism-related events, as~~
27 ~~provided in [section 21].~~ The balance of the tax proceeds received each reporting period and not deducted
28 pursuant to the expenditure appropriation or deposited in the fund or funds from which in-state lodging
29 expenditures were paid by state agencies or in the Montana heritage preservation and development
30 account is statutorily appropriated, as provided in 17-7-502, and must be transferred to an account in the

1 state special revenue fund to the credit of the department of commerce for tourism promotion and
2 promotion of the state as a location for the production of motion pictures and television commercials, to
3 the Montana historical society, to the university system, and to the department of fish, wildlife, and parks,
4 as follows:

5 (a) 1% to the Montana historical society to be used for the installation or maintenance of roadside
6 historical signs and historic sites;

7 (b) 2.5% to the university system for the establishment and maintenance of a Montana travel
8 research program;

9 (c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state
10 parks that have both resident and nonresident use;

11 (d) 67.5% to ~~be used directly by~~ the department of commerce AS FOLLOWS:

12 (i) \$500,000 FOR DEPOSIT IN A STATE SPECIAL REVENUE ACCOUNT TO THE CREDIT OF THE DEPARTMENT OF
13 COMMERCE TO BE USED FOR SPECIAL, NONRECURRING, TOURISM-RELATED EVENTS, AS PROVIDED IN [SECTION 2]; AND

14 (ii) THE REMAINDER TO BE USED DIRECTLY BY THE DEPARTMENT OF COMMERCE; and

15 (e) (i) except as provided in subsection (1)(e)(ii), 22.5% to be distributed by the department to
16 regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the
17 total proceeds collected statewide; and

18 (ii) if 22.5% of the proceeds collected annually within the limits of a city or consolidated
19 city-county exceeds \$35,000, 50% of the amount available for distribution to the regional nonprofit
20 tourism corporation in the region where the city or consolidated city-county is located, to be distributed
21 to the nonprofit convention and visitors bureau in that city or consolidated city-county.

22 (2) If a city or consolidated city-county qualifies under this section for funds but fails to either
23 recognize a nonprofit convention and visitors bureau or submit and gain approval for an annual marketing
24 plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit tourism
25 corporation in the region in which the city or consolidated city-county is located.

26 (3) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual
27 marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit
28 tourism corporation may be used by the department of commerce for tourism promotion and promotion
29 of the state as a location for the production of motion pictures and television commercials. (Terminates
30 July 1, 2001--sec. 23(3), Ch. 469, L. 1997.)

15-65-121. (Effective July 1, 2001) Distribution of tax proceeds.

(1) The proceeds of the tax imposed by 15-65-111 must, in accordance with the provisions of 15-1-501, be deposited in an account in the state special revenue fund to the credit of the department. The department may spend from that account in accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing the proceeds of the tax. ~~The amount of \$1 million each year is deposited in a state special revenue account to the credit of the department of commerce to be used for special, nonrecurring, tourism-related events, as provided in [section 2].~~ Before allocating the balance of the tax proceeds in accordance with the provisions of 15-1-501 and as provided in subsections (1)(a) through (1)(e) of this section, the department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from the tax proceeds received each reporting period. The amount deducted must be deposited in the fund or funds from which in-state lodging expenditures were paid by state agencies. The balance of the tax proceeds received each reporting period and not deducted pursuant to the expenditure appropriation or deposited in the fund or funds from which in-state lodging expenditures were paid by state agencies is statutorily appropriated, as provided in 17-7-502, and must be transferred to an account in the state special revenue fund to the credit of the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials, to the Montana historical society, to the university system, and to the department of fish, wildlife, and parks, as follows:

(a) 1% to the Montana historical society to be used for the installation or maintenance of roadside historical signs and historic sites;

(b) 2.5% to the university system for the establishment and maintenance of a Montana travel research program;

(c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks that have both resident and nonresident use;

(d) 67.5% to be used directly by the department of commerce AS FOLLOWS:

(i) \$500,000 FOR DEPOSIT IN A STATE SPECIAL REVENUE ACCOUNT TO THE CREDIT OF THE DEPARTMENT OF COMMERCE TO BE USED FOR SPECIAL, NONRECURRING, TOURISM-RELATED EVENTS, AS PROVIDED IN [SECTION 2]; AND

(ii) THE REMAINDER TO BE USED DIRECTLY BY THE DEPARTMENT OF COMMERCE; and

(e) (i) except as provided in subsection (1)(e)(ii), 22.5% to be distributed by the department to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the

1 total proceeds collected statewide; and

2 (ii) if 22.5% of the proceeds collected annually within the limits of a city or consolidated
3 city-county exceeds \$35,000, 50% of the amount available for distribution to the regional nonprofit
4 tourism corporation in the region where the city or consolidated city-county is located, to be distributed
5 to the nonprofit convention and visitors bureau in that city or consolidated city-county.

6 (2) If a city or consolidated city-county qualifies under this section for funds but fails to either
7 recognize a nonprofit convention and visitors bureau or submit and gain approval for an annual marketing
8 plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit tourism
9 corporation in the region in which the city or consolidated city-county is located.

10 (3) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual
11 marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit
12 tourism corporation may be used by the department of commerce for tourism promotion and promotion
13 of the state as a location for the production of motion pictures and television commercials."

14

15 **NEW SECTION. Section 2. Account for special, nonrecurring, tourism-related events -- use.** (1)

16 There is an account in the state special revenue fund for the receipt of funds, as provided in 15-65-121,
17 for special, nonrecurring, tourism-related events. The department of commerce shall administer the
18 account.

19 (2) The account is to be used for special events that have the potential for economic development
20 within a local government. The department must receive applications and shall award grants to local
21 governments that are planning a special tourism-related event. Grant funds may be used for infrastructure
22 for the event, as a necessary guarantee of funds in order to host an event, or for other expenses
23 associated with the event.

24 (3) A grant may not be ~~for less than \$25,000 or~~ for more than \$150,000. A GRANT MAY BE
25 AWARDED FOR A PERIOD OF UP TO 4 YEARS FOR A SPECIAL, NONRECURRING, TOURISM-RELATED EVENT. THE DEPARTMENT
26 MAY PROVIDE GRANT FUNDS FOR EACH YEAR OF THE GRANT PERIOD. The department may adopt rules specifying
27 grant application forms, grant application procedures, grant application review procedures, and procedures
28 for awarding grants.

29 (4) The account is statutorily appropriated, as provided in 17-7-502, to the department for the
30 purpose of making the grants to local governments.

1

2 **Section 3.** Section 17-7-502, MCA, is amended to read:

3 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
4 appropriation is an appropriation made by permanent law that authorizes spending by a state agency
5 without the need for a biennial legislative appropriation or budget amendment.

6 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply
7 with both of the following provisions:

8 (a) The law containing the statutory authority must be listed in subsection (3).

9 (b) The law or portion of the law making a statutory appropriation must specifically state that a
10 statutory appropriation is made as provided in this section.

11 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 3-5-901;
12 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706; 15-31-702;
13 15-34-115; 15-35-108; 15-36-324; 15-37-117; 15-38-202; 15-65-121; section 21; 15-70-101;
14 16-1-404; 16-1-406; 16-1-411; 17-3-106; 17-3-212; 17-3-222; 17-6-101; 17-7-304; 18-11-112;
15 19-3-319; 19-6-709; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604;
16 20-8-107; 20-26-1503; 22-3-1004; 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631;
17 23-7-301; 23-7-402; 37-43-204; 37-51-501; 39-71-503; 42-2-105; 44-12-206; 44-13-102; 50-4-623;
18 53-6-703; 53-24-206; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 77-1-505; 80-2-222;
19 80-4-416; 80-11-518; 81-5-111; 82-11-161; 87-1-513; 90-3-1003; 90-6-710; and 90-9-306.

20 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
21 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
22 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of
23 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as
24 determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the
25 bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to
26 sec. 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for
27 supplemental benefit; pursuant to Ch. 422, L. 1997, the inclusion of 15-1-111 terminates on July 1,
28 2008, which is the date that section is repealed; pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of
29 19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability
30 is 10 years or less; pursuant to sec. 4, Ch. 497, L. 1999, the inclusion of 15-38-202 terminates July 1,

1 2014; and pursuant to sec. 10(2), Ch. 10, Sp. L. May 2000, the inclusion of 15-35-108 and 90-6-710
2 terminates June 30, 2005.)"

3

4 NEW SECTION. **Section 4. Codification instruction.** [Section 2] is intended to be codified as an
5 integral part of Title 15, chapter 65, part 1, and the provisions of Title 15, chapter 65, part 1, apply to
6 [section 2].

7

8 NEW SECTION. **Section 5. Effective date.** [This act] is effective July 1, 2001.

9

10 NEW SECTION. SECTION 6. TERMINATION -- APPLICABILITY. [THIS ACT] TERMINATES JUNE 30, 2005.
11 HOWEVER, AVAILABLE GRANT FUNDS SHALL BE PROVIDED, IF NECESSARY, AFTER JUNE 30, 2005, FOR A GRANT
12 AWARDED PRIOR TO THE TERMINATION OF [THIS ACT].

13 - END -